

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1619 - HB 2109

February 23, 2020

SUMMARY OF BILL: Enacts the “Healthy Food Financing Act”. Creates the Healthy Food Financing (HFF) Fund, consisting of federal, state, or private funding in order to finance the provisions of the Act. Requires the Department of Economic and Community Development (ECD) to work with public and private sector entities in offering loans and grants for the construction or renovation of grocery stores in areas considered to be “food deserts” as defined in the proposed legislation. Requires 25 percent or more of the monies be expended in the form of grants or forgivable loans. Authorizes the Department to contract with nonprofit organizations to administer the program. Authorizes up to 10 percent of the monies from the HFF Fund to be reserved for administrative and operational costs.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$4,365,600/FY20-21 and Subsequent/HFF Fund

**Increase State Expenditures – Up to \$4,365,600/
FY20-21 and Subsequent/General Fund
\$4,365,600/FY20-21 and Subsequent/HFF Fund**

Other Fiscal Impact – It is unknown how much funding will be collected from federal or private funding. Any increase in revenue from those sources will reduce the General Fund expenses by equal amount.

Assumptions:

- Based on information from the United State Department of Agriculture (USDA), ECD estimates that there are 84 counties that have one or more food deserts.
- The average cost to build a supermarket, using US National Average costs from 2013 RSMeans cost data, is estimated to be \$4,250,600 per facility.
- It is unknown how many grocery stores financed by this program would be renovation or new construction, where the source of funding would come from, whether or not the private entity would receive a grant or a loan, or in which fiscal year the grant or loan would be given.
- It is assumed that the ECD would either contract with a nonprofit or hire a program administrator for effectuating the requirements of this proposed legislation. This would require recurring state expenditures from the Fund in an amount exceeding \$115,000.

- Assuming at least one newly constructed supermarket each year paid for entirely from the HFF Fund, there will be a recurring increase in state expenditures from the HFF Fund exceeding \$4,365,600 (\$4,250,600 + \$115,000) beginning in FY20-21.
- It is unknown of the types of federal and private funding available or the timing in which funding from such sources will be received; therefore, it is assumed all funds will come from the General Fund until such time as other funds are recognized.

IMPACT TO COMMERCE:

Other Commerce Impact – In the event stores are constructed or renovated that otherwise would not have been, there will be an increase in business expenditures as well as business revenue related to the construction, renovation, and operation of stores and an increase in jobs in Tennessee. The precise impact cannot be quantified with reasonable certainty.

Assumptions:

- In the event stores are constructed or renovated that otherwise would not have been, there will be an increase in business expenditures as well as business revenue related to the construction and renovation of stores and an increase in jobs in Tennessee. The precise impact cannot be determined with reasonable certainty.
- Further, the amount of funds a business may have to repay to the state is unknown.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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